

HOUSE BILL No. 1296

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-32-9.

Synopsis: Charity gaming. Sets forth, in the charity gaming laws, the method to determine a qualified organization's net proceeds from an allowable event. Specifies the permissible and impermissible uses of the net proceeds.

Effective: July 1, 2005.

Whetstone, Pelath

January 11, 2005, read first time and referred to Committee on Public Policy and Veterans Affairs.

C
o
p
y



First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1296

A BILL FOR AN ACT to amend the Indiana Code concerning gaming.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-32-9-16 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16. **(a)** The department
3 may, by rule, set the allowable expenditures of a qualified organization
4 with respect to an allowable event.

5 **(b)** All net proceeds from an allowable event and related activities
6 may only be used for the lawful purposes of the qualified organization.

7 **(c)** To determine the net proceeds from an allowable event, a
8 qualified organization shall subtract the following from the gross
9 receipts received from the allowable event:

10 **(1)** An amount equal to the total value of the prizes awarded
11 at the allowable event.

12 **(2)** An amount equal to the total value of the door prizes
13 awarded at the allowable event.

14 **(3)** The amount of the qualified organization's license fees
15 attributable to the allowable event, as determined under
16 subsection (f).

17 **(4)** The sum of the purchase prices of licensed materials



C
o
p
y

described in IC 4-32-7-4 that are purchased for and dispensed at the allowable event.

(5) An amount equal to the qualified organization's allowable expenditures for the allowable event, as permitted under section 16.3 of this chapter.

(d) For purposes of subsection (b), the lawful purposes of a qualified organization include the following:

(1) The religious, charitable, community, or educational purposes for which the qualified organization is specifically chartered or organized.

(2) Payment of expenses relating to the acquisition, construction, maintenance, or repair of any interest in real property that is used in the operation of the organization for religious, charitable, community, or educational purposes.

(3) Payment of expenses related to the acquisition and maintenance of equipment, vehicles, or other personal property used for the religious, charitable, community, or educational purposes of the organization.

(4) Raising and awarding scholarship funds.

(5) Making payments:

(A) to or on behalf of a sick member or the immediate family of a sick member;

(B) on behalf of a deceased member; or

(C) to or on behalf of the immediate family of a deceased member.

However, the department must approve payments under this subdivision that exceed one percent (1%) of the qualified organization's gross receipts.

(e) A qualified organization must annually provide a detailed accounting of the use of the qualified organization's net proceeds on a form prescribed by the department.

(f) To determine the amount of a qualified organization's license fees that are attributable to a particular allowable event, the qualified organization shall divide:

(1) the amount of the qualified organization's license fee for the license under which the allowable event is held; by

(2) the number of allowable events held under the license.

(g) A qualified organization's allowable expenditures subtracted under subsection (c)(5) must be supported by receipts or other evidence required by the department. The allowable expenditures are subject to audit and review by the department.

(h) A rule of the department concerning the amount of a

C
o
p
y



qualified organization's charity gaming proceeds that must be used for the qualified organization's charitable purposes is void if the rule does not contain provisions substantially similar to subsection (c).

SECTION 2. IC 4-32-9-16.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 16.1. For purposes of section 16 of this chapter, the net proceeds of an allowable event may not be used for:**

- (1) social or recreational activities that are open primarily to the qualified organization's members and their families, unless a substantial benefit to the community is demonstrated;
- (2) salaries and honoraria to the officers, directors, members, or employees of the qualified organization;
- (3) payments, other than a payment authorized under section 16(d)(5) of this chapter, made directly for the benefit of an individual member of the qualified organization or a member of the member's immediate family;
- (4) an activity prohibited by federal, state, or local law; or
- (5) an activity prohibited by the qualified organization's charter or bylaws.

SECTION 3. IC 4-32-9-16.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 16.3. (a) A qualified organization's allowable expenditures for an allowable event are limited to the following:**

- (1) Rent, as permitted under section 20 of this chapter.
- (2) Expenditures for the lease of personal property used to conduct the allowable event. Expenditures under this subdivision may not exceed fifty dollars (\$50) per allowable event.
- (3) Reasonable expenditures for consumables used at the allowable event that are unrelated to the qualified organization's gaming operations, including cups, plates, napkins, cleaning supplies, and other similar items.
- (4) Reasonable advertising expenditures.
- (5) Reasonable expenditures related to providing security personnel for the allowable event.

(b) A qualified organization may not employ more than three (3) security personnel at an allowable event.

SECTION 4. IC 4-32-9-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 17. A qualified organization shall maintain accurate records of all financial aspects of an allowable event under this article. A qualified organization shall**

**C
o
p
y**



1 make accurate reports of all financial aspects of an allowable event to
 2 the department within the time established by the department. The
 3 department ~~may~~ **shall** prescribe forms for this purpose. The department
 4 shall, by rule, require a qualified organization to deposit funds received
 5 from an allowable event in a separate and segregated account set up for
 6 that purpose. All expenses of the qualified organization with respect to
 7 an allowable event shall be paid from the separate account.

8 SECTION 5. IC 4-32-9-20 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 20. (a) Except as
 10 provided in subsection (d), if facilities are leased for an allowable
 11 event, the rent may not:

12 (1) be based in whole or in part on the revenue generated from the
 13 event; or

14 (2) exceed two hundred dollars (\$200) per day.

15 (b) A facility may not be rented for more than three (3) days during
 16 a calendar week for an allowable event.

17 (c) If personal property is leased for an allowable event, the rent
 18 may not be based in whole or in part on the revenue generated from the
 19 event.

20 (d) If a qualified organization conducts an allowable event in
 21 conjunction with or at the same facility where the qualified
 22 organization or its affiliate is having a convention or other meeting of
 23 its membership, facility rent for the allowable event may exceed two
 24 hundred dollars (\$200) per day. A qualified organization may conduct
 25 only one (1) allowable event under this subsection in a calendar year.

26 **(e) A lease of a facility for an allowable event:**

27 **(1) must be in writing;**

28 **(2) must be between the owner of the facility and a qualified**
 29 **organization; and**

30 **(3) may not be a sublease.**

31 **(f) This subsection applies to leases entered into or renewed**
 32 **after June 30, 2005. If a qualified organization leases a facility by**
 33 **the year to be used for allowable events and to:**

34 **(1) hold the qualified organization's meetings;**

35 **(2) conduct the qualified organization's business; and**

36 **(3) carry out all other functions of the qualified organization;**
 37 **the maximum rent amount set forth in subsection (a) applies to**
 38 **each day that the qualified organization occupies the leased facility.**
 39 **The annual rent for a facility described in this subsection may not**
 40 **exceed seventy-three thousand dollars (\$73,000).**

C
o
p
y

